

IN THE SPECIFICATIONS

Please amend the section starting on page 2, line 1 as indicated:

CROSS REFERENCES TO RELATED APPLICATIONS

This application is a Continuation of United States Patent Application Ser. No. Serial No: 10/207,554, now United States Patent *****, which is a continuation of 09/578,623 filed on May 25, 2000 , now United States Patent 6,443,228, claiming This application takes priority from United States Patent Application Serial Nos. 60/136,656 filed August 5, 1999 May 28, 1999, and 60/147,127 60/147,427 filed August 5, 1999 May 28, 1999, each assigned to the assignee of this application.

Please enter the following amended paragraph for the paragraph starting on page 13, line 13:

-- During drilling, according to one aspect of the present invention, flowable devices **63** are introduced from a supply unit **62** at one or more suitable locations into the flow of the drilling fluid **60**. The flowable devices **63** travel with the fluid **60** down to the BHA **30** (forward flow), wherein they are channeled into a passage **69**. A data exchange device **72**, usually a read/write device disposed adjacent to or in the passage **69**, which can read information stored in the devices **63** (at the surface or obtained during flow) and can write on the devices **63** any information that needs to be sent back to the surface **11**. An inductive coupling unit or another suitable device may be used as a read/write device **72**. Each flowable device **63** may be programmed at the surface with a unique address

(identification) and specific or predetermined information. Such information may include instructions for the controller 73 or other electronic circuits to perform a selected function, such as activate ribs 74 of a force application unit to change drilling direction or the information may include signals for the controller 73 to transmit values of certain downhole measured parameters or take another action. The controller 73 may include a microprocessor-based circuit that causes the read/write unit 72 to exchange appropriate information with the flowable devices 63. The controller 73 process downhole the information received from the flowable devices 63 and also provides information to the devices 63 that is to be carried to the surface. The read/write device 72 may write data that has been gathered downhole on the flowable devices 63 leaving the passage 69. The devices 63 may also be measurement or sensing devices, in that, they may provide measurements of certain parameters of interest such as pressure, temperature, flow rate, viscosity, composition of the fluid, presence of a particular chemical, water saturation, composition, corrosion, vibration, etc. The devices 63 return to the surface 11 with the fluid circulating through the annulus 13 between the wellbore 10 and drill string 22.--